1991 NADA DATA

ECONOMIC IMPACT
OF AMERICA'S
NEW-CAR TRUCK
DEALERS

NATIONAL AUTOMOBILE DEALERS ASSOCIATION
NADA

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In last year's *NADA Data*, we noted the steep slide in 1989's dealership profits and worried that the weakness in automotive retailing could threaten the overall economy. In 1990, our worst fears came true: dealership profits were squeezed further and the national economy slipped into recession.

Despite these hard times, franchised new-car and new-truck dealers continued to be major employers and business leaders in their communities. In 1990, dealerships nationwide employed 948,000 people and had an annual payroll of $25 billion.

Total dealership dollar sales were more than $308 billion in 1990, down only slightly from 1989's record level. To generate these revenues, dealerships delivered 13.9 million new vehicles, sold 14.3 million used vehicles, and performed more than 197 million repair orders.

The economic influence of franchised dealers goes far beyond goods, services, and jobs. The dealership is also a major purchaser. In 1990, dealerships spent $42 billion in total expenditures (excluding cost of goods sold). Some typical expenditures: advertising ($2.6 billion), rent ($3.7 billion), floor-plan interest ($2.7 billion), and heat, light, and power ($0.7 billion). The franchised dealer is also a major source of tax revenue and often a principal contributor of time and money to local charities.

For all these reasons, it is heartening that dealership sales and profits are improving slightly as 1991 progresses. The franchised new-car and new-truck dealer will continue to have a positive economic influence on local and national economies in the years ahead.

NADA Data is prepared by NADA's Industry Analysis Division. For questions or reprints, call (703) 821-7088 or write to Tom Webb, Chief Economist, NADA Industry Analysis, 8400 Westpark Dr., McLean, VA 22102.

ABOUT THIS SPECIAL SECTION

On the following pages, you will find the results of NADA's year-long analysis of the U.S. auto industry, with particular emphasis on the retail side of the business.

Among the key segments covered are: Average Dealership Profile (p. 20), NADA Optimism Index (p. 22), Number of Franchised New-car Dealerships (p. 25), Total Dealership Sales Dollars (p. 26), The New-vehicle Department (p. 28), Finance and Insurance, Service Contracts (p. 31), and The Used-vehicle Department (p. 33).

In addition, there is information on Service, Parts, and Body Shop (p. 35), Employment and Payrolls (p. 38), Advertising (p. 40), Vehicles in Operation and Scrappage (p. 41), Consumer Credit (p. 45), The Franchised New-truck Dealer (p. 46), and 1990 Dealership Department Trends (p. 47).

"NADA Data" Puzzle Illustration: © Peter Macchia/STOCKWORKS

Automotive Executive
MAGAZINE

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TOTAL DEALERSHIP SALES

Two years of declining new-unit sales coupled with modest price increases meant that the average dealership's total dollar sales in 1990 were up only 4 percent from 1988.

Dollar sales by department show that the average dealership in the past two years posted a less than 1 percent increase in new vehicles, a 9 percent increase in used vehicles, and a near 12 percent increase in service and parts.

Total gross and expense

In 1990, both total gross and expense as a percent of sales changed little from 1989. Because a greater portion of total dealership sales in 1990 was accounted for by service and parts (which has much higher gross and expense margins), the overall dealership margins hide the fact that in 1990 the typical dealership operated on a narrower gross and did an exceptional job of controlling expenses.

Some major expenses of the average dealership in 1990 were:

Payroll	$1,040,000
Advertising	$147,000
Rent and equivalent	$152,000
Floor-plan interest	$109,000

Total dealership profits

In 1990, total dealership net profit before tax as percent of sales came in at the same 1 percent level recorded in 1989. Historically, the average dealership's net profit before tax has averaged 2 percent of sales.

In 1990, an estimated 20 percent of dealerships lost money for the full year. But note that this percentage and the other numbers shown below do not reflect the averages of the more than 800 dealerships that went out of business during the year.

AVERAGE DEALERSHIP PROFILE

	1984	1985	1986	1987	1988	1989	1990	% Change 1989–1990
Total dealership sales	$9,136,259	$10,177,270	$10,821,114	$11,198,762	$12,124,589	$12,450,814	$12,631,835	1.5
Total dealership gross	$1,232,481	$1,454,332	$1,535,516	$1,696,613	$1,825,963	$1,786,692	$1,831,616	2.5
as % of total sales	13.5	14.3	14.2	15.2	15.1	14.4	14.5	
Total dealership expense	$1,033,311	$1,230,432	$1,301,780	$1,486,076	$1,618,633	$1,662,184	$1,705,298	2.6
as % of total sales	11.3	12.1	12.0	13.3	13.4	13.4	13.5	
Net profit before taxes	$199,170	$223,900	$233,736	$210,537	$207,330	$124,508	$126,318	1.5
as % of total sales	2.2	2.2	2.2	1.9	1.7	1.0	1.0	
Net pretax profit in constant 1982 dollars	$184,985	$200,802	$205,799	$178,845	$169,124	$96,895	$93,336	–3.7
New-vehicle dept. sales	$5,975,113	$6,869,657	$7,282,610	$7,133,612	$7,626,366	$7,744,406	$7,680,156	–0.8
as % of total sales	65.4	67.5	67.3	63.7	62.9	62.2	60.8	
Used-vehicle dept. sales	$1,946,023	$1,994,745	$2,153,402	$2,486,125	$2,764,406	$2,888,589	$3,019,009	4.5
as % of total sales	21.3	19.6	19.9	22.2	22.8	23.2	23.9	
Service and parts sales	$1,215,122	$1,312,868	$1,385,103	$1,579,026	$1,733,816	$1,817,819	$1,932,671	6.3
as % of total sales	13.3	12.9	12.8	14.1	14.3	14.6	15.3	
New-vehicle average selling price	$11,100	$11,925	$12,950	$13,450	$14,100	$15,400	$15,900	3.2
Average net worth	$557,769	$634,098	$669,623	$734,827	$760,162	$802,243	$848,344	5.7
Net profit as % of net worth	35.7	35.3	34.9	28.7	27.3	15.5	14.9	

Source: NADA Industry Analysis Division

PROGRESS IN PROFITS.

NADA OPTIMISM INDEX

For the past 14 years, NADA's Industry Analysis Division has conducted a quarterly survey of the profit expectations of new-car and new-truck dealers for the next 12 months. The survey results have closely matched future dealership profits and served as a barometer for national economic trends.

In January 1990, the Dealer Optimism Index rose to 107 from a level of 87 in late 1989. It continued to rise in the April survey and in July it reached 116.

In October 1990, the Dealer Optimism Index plummeted to 74 and increased slightly to 82 in the January 1991 survey. In April 1991, however, the index showed a broad-based increase, as dealers of all makes and sizes expressed increased optimism about the future. April's increase indicates that dealers believe the worst is over, but the index's relatively modest level of 101 suggests that dealers expect the recovery in new-vehicle sales and profits to be restrained.

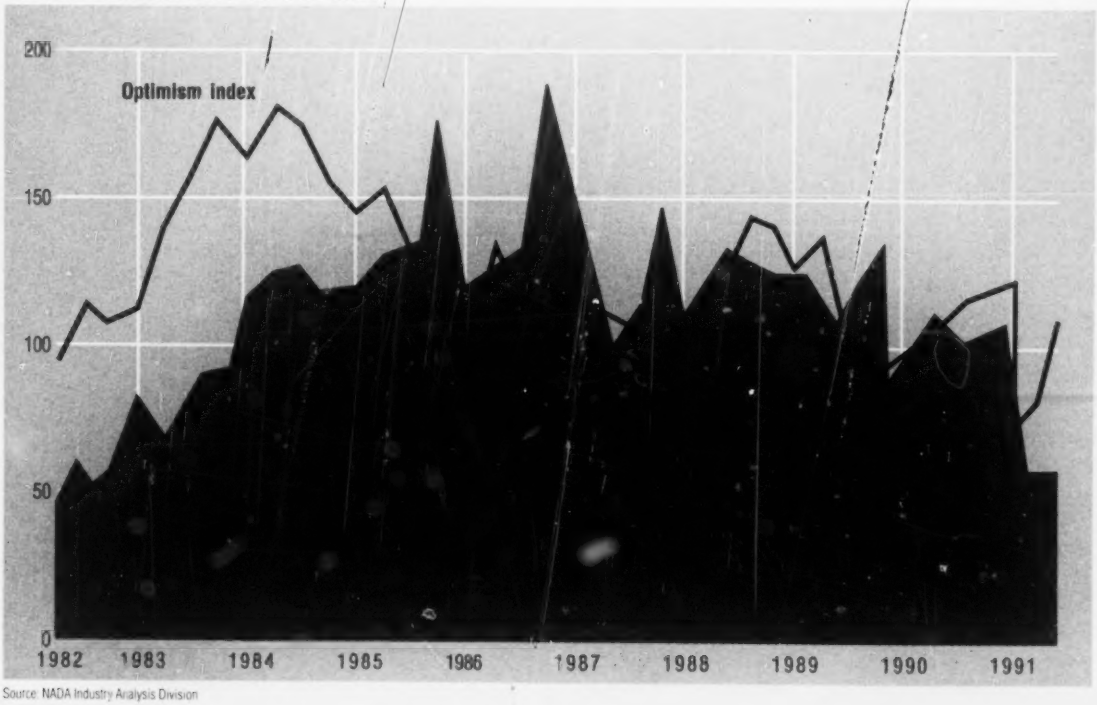
The chart below shows that the Dealer Optimism Index has been a fairly accurate indicator of the direction of new-vehicle sales.

EXPECTATIONS FOR DEALERSHIP PROFITS

	Percent of dealers expecting profits to:			
	Increase	Not change	Decline	Index Value
4/76	47.7	35.4	6.9	163
4/77	46.9	43.8	9.3	146
4/78	35.4	51.2	13.4	126
4/79	29.0	50.5	20.4	112
4/80	9.2	25.4	65.3	51
4/81	30.0	51.5	18.6	111
4/82	33.4	47.5	19.2	115
4/83	54.4	38.1	7.5	155
4/84	60.0	36.1	3.9	171
4/85	41.6	44.6	13.8	133
4/86	33.3	44.6	22.1	115
4/87	29.3	43.1	27.6	103
4/88	47.0	43.5	9.5	145
4/89	26.8	42.7	30.6	96
4/90	33.3	46.2	20.5	113
4/91	34.0	36.6	29.4	101

Source: NADA Industry Analysis Division

OPTIMISM INDEX VS. NEW-CAR SALES



Source: NADA Industry Analysis Division

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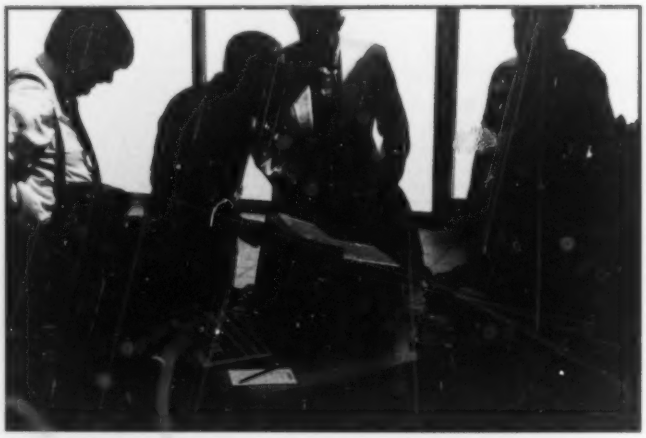

BACK ROW, LEFT TO RIGHT: Randy McCallister—Courtesy Pontiac, Longwood, Fla.; John Murphy—Saturn of Santa Ana, Calif.; John Landes—Royal Oldsmobile, Stone Mountain, Ga.; Eliott James—Saturn of Marietta, Ga. FRONT ROW, RIGHT TO LEFT: Adam Staffin—Saturn of Newark, Del.; Betsi Bellamy—Glavic Group, Wickliffe, Ohio; Russell Gwatney—Gwatney Motors, Memphis, Tenn.; Linda Penland—Hendrick Management/City Chevrolet, Charlotte, N.C.; Jim Miller—EDS Dealer Systems, DEALERLINE Product Expert.

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FRANCHISED NEW-CAR DEALERSHIPS

The number of franchised new-car dealerships declined by 800 in 1990, as two years of minuscule profits promoted the long-term trend of dealership consolidation.

There are 4,650 fewer dealer principals today than there were just eight years ago, even though the number of dealerships is virtually the same. NADA figures show that the nation's 24,000 dealerships are owned by 14,850 dealer principals. In 1983, NADA reported that there were 24,725 dealerships controlled by 19,500 dealer principals.

The two graphics on this page further illustrate that the multiple-dealership operator has become the rule rather than the exception. More than half of all dealerships are currently part of a chain (if "chain" is used to mean two or more dealerships), and more than 30 percent of all dealerships are part of a four-or-more dealership chain.

NUMBER OF FRANCHISED NEW-CAR DEALERSHIPS

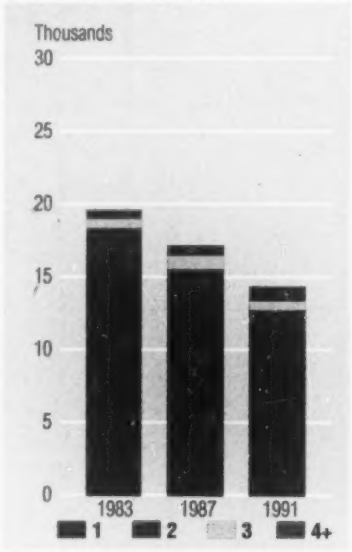
As of beginning of year

1970	30,800
1971	30,300
1972	30,100
1973	30,100
1974	30,000
1975	29,600
1976	29,300
1977	29,100
1978	29,000
1979	28,500
1980	27,900
1981	26,350
1982	25,700
1983	24,725
1984	24,725
1985	24,725
1986	24,825
1987	25,150
1988	24,950
1989	24,925
1990	24,825
1991	24,000

Source: NADA Industry Analysis Division

DISTRIBUTION OF DEALER PRINCIPALS

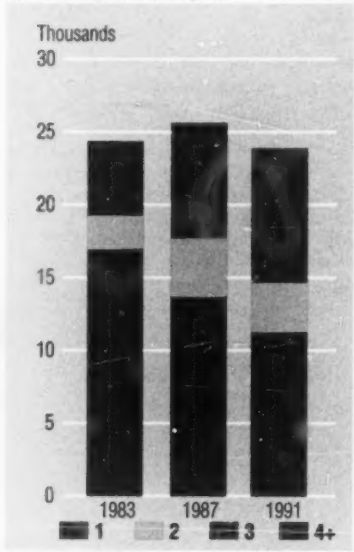
By number of dealerships they control



Source: NADA Industry Analysis Division

DISTRIBUTION OF DEALERSHIPS

By number of dealerships in group



Source: NADA Industry Analysis Division

ESTIMATED NUMBER OF FRANCHISED NEW-CAR DEALERSHIPS

By state as of January 1, 1991

Alabama	395	Montana	153
Alaska	35	Nebraska	250
Arizona	220	Nevada	85
Arkansas	317	New Hampshire	180
California	1,878	New Jersey	760
Colorado	282	New Mexico	145
Connecticut	385	New York	1,395
Delaware	70	North Carolina	755
D.C.	9	North Dakota	132
Florida	973	Ohio	1,100
Georgia	623	Oklahoma	382
Hawaii	68	Oregon	295
Idaho	137	Pennsylvania	1,480
Illinois	1,205	Rhode Island	100
Indiana	640	South Carolina	340
Iowa	495	South Dakota	140
Kansas	342	Tennessee	450
Kentucky	372	Texas	1,420
Louisiana	353	Utah	150
Maine	187	Vermont	102
Maryland	365	Virginia	602
Massachusetts	595	Washington	370
Michigan	875	West Virginia	242
Minnesota	533	Wisconsin	663
Mississippi	285	Wyoming	80
Missouri	590	**Total U.S.**	**24,000**

Source: NADA Industry Analysis Division

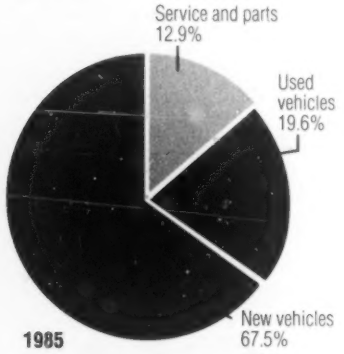
TOTAL DEALERSHIP SALES DOLLARS

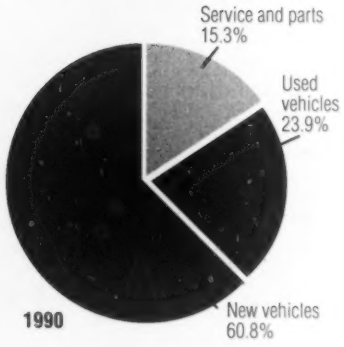
From a record $309.7 billion in 1989, total dollar sales of all franchised new-car dealerships fell to $308.4 billion in 1990. Last year's decline in total dollar sales was solely attributable to the weak new-vehicle sales market. As shown below, the percentage of total dealership sales accounted for by service and parts was 15.3 percent last year, the highest percentage since the recession.

The chart at the bottom right shows that average dealership size varies significantly among the states. Ten states had average dealership sales of less than $8 million, while nine states had average dealership sales in excess of $16 million.

SHARE OF TOTAL DEALERSHIP SALES DOLLARS

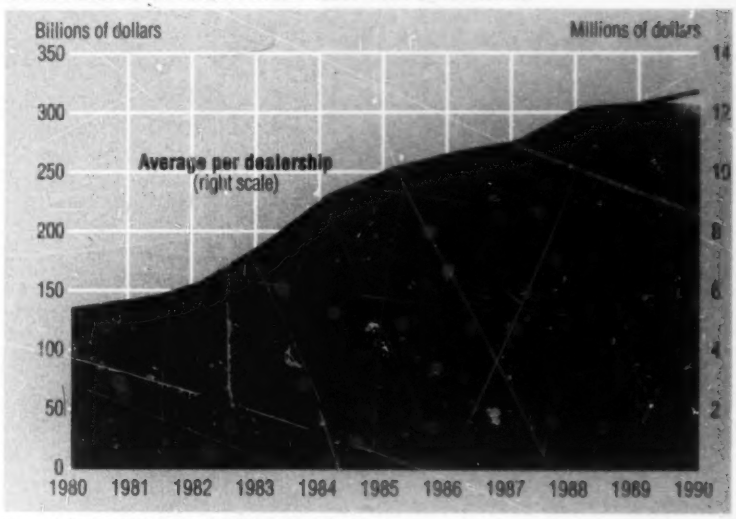
By department





Source: NADA Industry Analysis Division

TOTAL SALES OF FRANCHISED NEW-CAR DEALERSHIPS



Source: U.S. Department of Commerce and NADA Industry Analysis Division

1990 TOTAL SALES BY STATE

State	All dealerships ($ millions)	Average per dealership ($ thousands)	State	All dealerships ($ millions)	Average per dealership ($ thousands)
Alabama	4,442	11,246	Montana	893	5,834
Alaska	693	19,807	Nebraska	1,831	7,325
Arizona	4,252	19,326	Nevada	1,759	20,698
Arkansas	2,763	8,715	New Hampshire	1,539	8,547
California	36,866	19,630	New Jersey	10,244	13,478
Colorado	4,601	16,314	New Mexico	1,589	10,956
Connecticut	4,393	11,409	New York	15,461	11,083
Delaware	1,070	15,282	North Carolina	7,656	10,140
D.C.	132	14,665	North Dakota	833	6,311
Florida	22,103	22,717	Ohio	13,455	12,231
Georgia	8,364	13,425	Oklahoma	3,999	10,470
Hawaii	1,634	24,029	Oregon	4,036	13,680
Idaho	1,172	8,552	Pennsylvania	13,976	9,443
Illinois	14,627	12,139	Rhode Island	917	9,174
Indiana	6,761	10,564	South Carolina	3,885	11,427
Iowa	3,338	6,743	South Dakota	848	6,054
Kansas	3,127	9,143	Tennessee	6,157	13,683
Kentucky	3,566	9,587	Texas	23,680	16,676
Louisiana	4,454	12,616	Utah	1,727	11,516
Maine	1,376	7,358	Vermont	662	6,493
Maryland	6,876	18,639	Virginia	8,166	13,564
Massachusetts	7,230	12,151	Washington	5,590	15,109
Michigan	12,913	14,758	West Virginia	1,861	7,691
Minnesota	4,781	8,971	Wisconsin	6,218	9,379
Mississippi	2,218	7,784	Wyoming	518	6,477
Missouri	7,130	12,085	**Total U.S.**	**308,361**	**12,632**

Source: NADA Industry Analysis Division

RELATIONSHIP OF FRANCHISED NEW-CAR DEALERSHIPS TO TOTAL RETAIL TRADE

	Number of dealerships as % of total retail establishments in the state	Dealership sales as % of total retail sales in the state	Dealership payroll as % of total retail payroll in the state	Dealership employees as % of total retail employment in the state
Alabama	1.9	16.2	12.5	5.0
Alaska	1.1	12.8	9.6	3.9
Arizona	1.3	16.2	12.8	4.8
Arkansas	2.4	18.7	11.3	5.0
California	1.3	16.4	12.9	4.6
Colorado	1.5	17.5	12.6	4.8
Connecticut	1.9	16.1	12.8	5.0
Delaware	1.6	19.5	14.2	5.7
D.C.	0.3	3.5	3.2	1.2
Florida	1.3	21.0	13.9	4.9
Georgia	1.8	17.8	13.1	4.7
Hawaii	1.1	13.1	9.4	3.3
Idaho	2.2	18.2	14.7	5.8
Illinois	2.0	17.5	12.5	4.5
Indiana	2.1	18.0	12.8	4.8
Iowa	2.7	18.5	13.7	5.1
Kansas	2.2	18.6	13.3	5.1
Kentucky	2.0	15.5	11.7	4.6
Louisiana	1.6	15.5	11.9	4.9
Maine	2.3	15.8	11.8	5.1
Maryland	1.4	18.7	14.5	5.5
Massachusetts	1.7	14.2	11.5	4.2
Michigan	1.8	19.1	13.8	4.7
Minnesota	2.1	14.4	11.3	4.2
Mississippi	2.0	17.0	12.8	5.1
Missouri	2.1	19.8	13.5	4.9
Montana	2.4	17.5	13.2	5.4
Nebraska	2.4	17.9	12.8	4.8
Nevada	1.3	18.6	13.6	4.9
New Hampshire	2.2	14.5	13.0	4.9
New Jersey	1.7	16.1	12.2	4.6
New Mexico	1.8	16.6	12.9	5.3
New York	1.4	12.4	9.3	3.8
North Carolina	2.0	16.7	12.9	4.9
North Dakota	2.8	18.7	15.9	6.0
Ohio	2.0	18.4	12.8	4.9
Oklahoma	2.2	20.0	13.8	5.4
Oregon	1.9	17.9	13.3	5.4
Pennsylvania	2.2	16.8	13.0	5.2
Rhode Island	1.8	14.1	9.9	3.9
South Carolina	1.7	16.4	12.5	4.7
South Dakota	2.6	18.7	15.5	5.7
Tennessee	1.8	19.0	14.6	5.4
Texas	1.6	19.7	12.6	4.9
Utah	1.9	15.8	12.1	4.8
Vermont	2.3	15.1	12.4	5.1
Virginia	1.9	17.2	14.8	5.6
Washington	1.4	15.1	11.9	4.5
West Virginia	2.6	16.7	13.3	6.0
Wisconsin	2.2	17.3	13.3	4.9
Wyoming	2.4	16.4	13.8	5.4
Total U.S.	**1.8**	**17.1**	**12.5**	**4.8**

Source: NADA Industry Analysis Division

THE NEW-VEHICLE DEPARTMENT

New-vehicle sales fell for the second consecutive year in 1990. The total new-unit sales count of 13.9 million units was 14 percent below the record 16.1 million sold during calendar year 1986. The popularity of light-duty trucks, vans, and sport-utilities allowed trucks to account for a record 33 percent of the total new-vehicle market in 1990.

An analysis of new-car market share by automaker shows that in 1990 General Motors reversed its five-year slide in market penetration. Nevertheless, market-share declines for both Ford and Chrysler meant that the domestic automakers as a whole continued to lose market share in 1990.

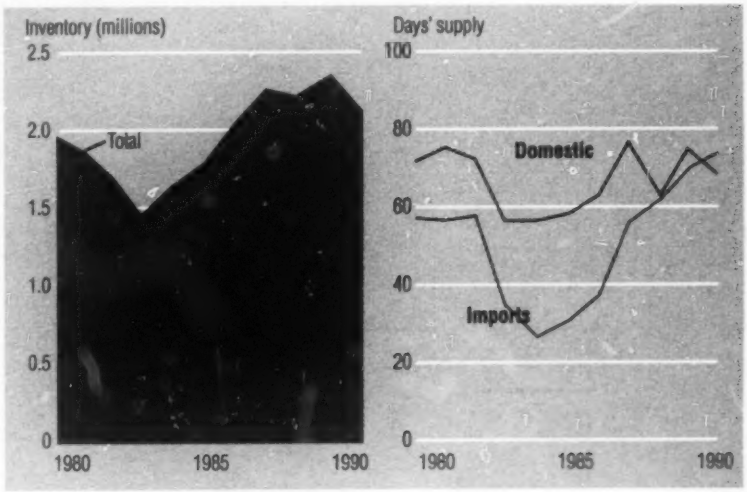
Smart ordering by dealers meant that inventories were kept in line despite the weak new-car sales market. Days' supply of domestic-make models averaged 66 days in 1990 versus 72 days in 1989. Import inventories, on the other hand, averaged an unusually high 74 days during 1990.

Monthly sales, on a seasonally adjusted annual basis (chart, lower right), were highest in January, when Chrysler had its first-ever rebates on minivans, and lowest in November and December, when the recession started to take its toll.

The chart on the next page (upper right) shows that the average selling price of a new vehicle rose just 3 percent in 1990. The selling-price figure represents actual transactions during the calendar year, includes all accessories and options sold with the vehicle, and in no way attempts to control for quality or model-mix changes.

NEW-CAR INVENTORIES AND DAYS' SUPPLY

(Yearly average)



Source: Ward's Automotive Reports

NEW-CAR AND LIGHT-TRUCK SALES BY MONTH

Seasonally adjusted annual rate

	1990 Actual	1990 SAAR* (in millions)	1989 Actual	1989 SAAR* (in millions)	% Change 1989–1990
January	1,138,000	15.3	1,062,200	14.7	7.1
February	1,056,500	13.8	1,115,200	14.6	–5.3
March	1,275,600	14.0	1,312,300	14.3	–2.8
April	1,201,900	13.8	1,325,600	15.5	–9.3
May	1,311,600	13.7	1,412,600	14.9	–7.1
June	1,282,100	14.3	1,303,700	14.2	–1.7
July	1,224,700	14.4	1,255,000	14.8	–2.4
August	1,177,700	13.9	1,417,100	16.5	–16.9
September	1,123,900	14.5	1,242,400	15.9	–9.5
October	1,138,800	13.4	1,088,100	13.3	4.7
November	986,500	12.7	1,027,000	12.9	–3.9
December	969,600	12.7	989,100	13.3	–2.0%
Full Year	**13,886,800**	**13.9**	**14,550,300**	**14.6**	**–4.6%**

* Seasonally adjusted annual rate

Source: NADA Industry Analysis Division

NEW LIGHT-DUTY VEHICLE SALES BY YEAR

Year	New cars	Light-duty trucks	Total light-duty vehicles	Light-duty trucks as % of total
1980	8,975,209	1,984,612	10,959,821	18.1%
1981	8,532,672	1,747,679	10,280,351	17.0%
1982	7,978,177	2,075,431	10,053,608	20.6%
1983	9,181,036	2,614,966	11,796,002	22.2%
1984	10,393,230	3,805,090	14,198,320	26.8%
1985	11,045,784	4,414,508	15,460,292	28.6%
1986	11,463,241	4,617,506	16,080,747	28.7%
1987	10,225,316	4,681,124	14,906,440	31.4%
1988	10,595,072	4,878,312	15,473,384	31.5%
1989	9,771,022	4,779,192	14,550,214	32.8%
1990	9,295,732	4,591,077	13,886,809	33.1%
Average 1980–1990	9,768,772	3,653,591	13,422,363	27.2%

Source: *Automotive News*

NUMBER OF NEW VEHICLES SOLD PER DEALERSHIP AND AVERAGE SELLING PRICE PER VEHICLE

Year	New vehicles sold	Average retail selling price
1980	404	$7,530
1981	395	8,850
1982	399	9,910
1983	477	10,725
1984	574	11,100
1985	624	11,925
1986	644	12,950
1987	595	13,450
1988	620	14,100
1989	585	15,400
1990	569	15,900

Source: NADA Industry Analysis Division

MARKET PENETRATION

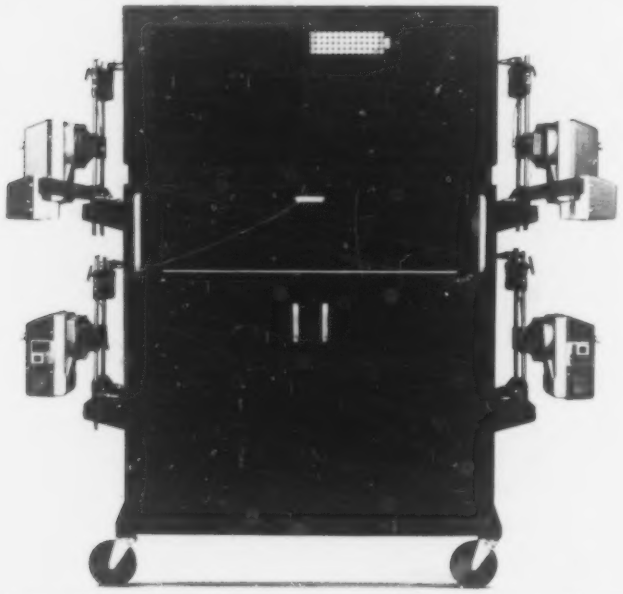
Share of total U.S. new-car sales

Year	AMC	Chrysler	Ford	General Motors	Volkswagen	Nissan	Honda	Toyota	Other imports	Total
1980	177,732 1.98%	786,922 8.77%	1,543,826 17.20%	4,116,482 45.86%	269,466 3.00%	516,890 5.76%	375,388 4.18%	582,195 6.49%	607,228 6.76%	8,976,129
1981	167,759 1.97%	840,813 9.85%	1,413,456 16.56%	3,796,696 44.49%	244,910 2.87%	464,806 5.45%	370,705 4.34%	576,491 6.76%	657,439 7.70%	8,533,075
1982	150,135 1.88%	793,930 9.95%	1,345,698 16.86%	3,515,660 44.06%	159,529 2.00%	470,246 5.89%	365,865 4.59%	530,246 6.65%	648,033 8.12%	7,979,342
1983	226,712 2.47%	951,191 10.36%	1,571,321 17.11%	4,053,561 44.15%	162,090 1.77%	521,902 5.68%	401,072 4.37%	555,766 6.05%	738,456 8.04%	9,182,071
1984	202,570 1.95%	1,078,716 10.38%	1,979,317 19.05%	4,600,512 44.28%	177,322 1.71%	485,298 4.67%	508,420 4.89%	557,982 5.37%	800,228 7.70%	10,390,365
1985	123,449 1.12%	1,245,149 11.28%	2,079,366 18.83%	4,692,318 42.49%	218,232 1.98%	575,166 5.21%	552,389 5.00%	620,043 5.62%	936,003 8.48%	11,042,115
1986	72,849 0.64%	1,308,991 11.42%	2,080,822 18.16%	4,693,161 40.95%	217,206 1.90%	553,849 4.83%	693,515 6.05%	640,185 5.59%	1,198,931 10.46%	11,459,509
1987	N/A N/A	1,096,385 10.68%	2,060,834 20.07%	3,728,313 36.30%	191,705 1.87%	576,663 5.61%	738,306 7.19%	628,662 6.12%	1,249,676 12.17%	10,270,544
1988	N/A N/A	1,191,294 11.20%	2,289,764 21.53%	3,822,014 35.94%	169,470 1.59%	513,823 4.83%	768,985 7.23%	688,883 6.48%	1,190,124 11.19%	10,634,357
1989	N/A N/A	1,019,693 10.44%	2,177,866 22.29%	3,437,086 35.18%	128,503 1.32%	500,964 5.13%	783,102 8.01%	676,939 6.93%	1,046,869 10.71%	9,771,022
1990	N/A N/A	860,834 9.26%	1,943,603 20.91%	3,308,983 35.60%	129,705 1.40%	445,841 4.80%	854,879 9.20%	779,208 8.38%	972,679 10.46%	9,295,732
Average 1980–1990	N/A N/A	1,015,811 10.39%	1,862,352 19.05%	3,978,617 40.70%	18,013 1.92%	511,404 5.23%	582,966 5.96%	621,509 6.36%	913,242 9.34%	9,775,812

Source: NADA Industry Analysis Division

TOYOTA APPROVED EQUIPMENT

We Can Help Straighten Out Your Business.



Toyota's Approved Equipment Program has virtually everything you need for your business. And we offer an even wider variety of products than last year. From alignment systems to key cabinets. And from emissions analyzers to drive-thru car washes. These products can get your dealership up and running like a fine-tuned engine. And help keep it that way.

That's because all the equipment is constantly being tested and reevaluated for compatibility with Toyota products. So you have equipment that not only works efficiently but helps you save time and money down the road.

Also, Toyota now provides a 12-hour-a-day 1-800 number with professional consultants located throughout the U.S. These consultants will help you with everything from planning at the blueprint stage to warranty support.

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"I love what you do for me."

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FINANCE AND INSURANCE, SERVICE CONTRACTS

Excluding profits generated by finance, insurance, and service contracts, the average dealership's new-vehicle department has been operating at a loss since 1987. The reason: an overly competitive marketplace, as reflected by the decline in gross margin on the sale of new units. In 1990, gross as a percent of selling price for new vehicles retailed fell to a record low 7.5 percent.

Aftermarket income, the combined gross from F&I and service contracts, reached a record 21 percent of total new-vehicle department gross. In 1990, this percentage slipped to 18.4 percent.

The reduced importance of service-contract revenue was more the result of a lower price than fewer sales. Although extended warranty penetration rates have fallen from their record high of 35 percent in 1986, many customers still consider service contracts a good buy, as reflected by the current 32 percent penetration rate.

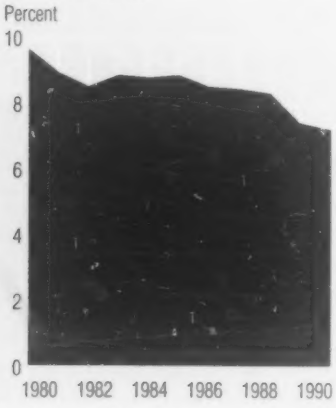
AFTERMARKET INCOME

As % of new- and used-vehicle department gross profit

Source: NADA Industry Analysis Division

GROSS AS PERCENT OF SELLING PRICE

(New vehicles retailed)



Source: NADA Industry Analysis Division

SERVICE CONTRACT PENETRATION RATES

(As percent of new vehicles retailed)

Source: NADA Industry Analysis Division

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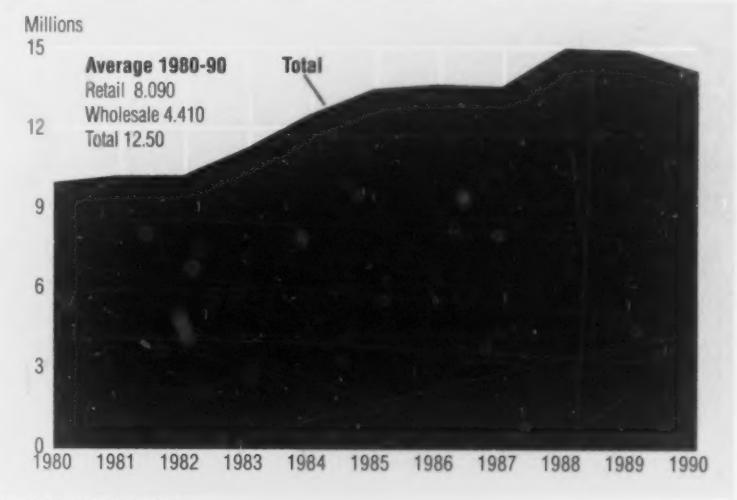
THE USED-VEHICLE DEPARTMENT

Franchised new-car dealerships sold an estimated 14.3 million used vehicles in 1990. Of these, 8.9 million were retailed and 5.4 million were wholesaled.

Franchised dealerships obtained 69 percent of used units retailed from trade-ins and a record 24 percent from auctions. Increased auction purchases were the result of rental company buy-backs. This increase in the number of nearly new units retailed by the dealership's used-vehicle department explains the 17 percent increase in average selling price during the past three years.

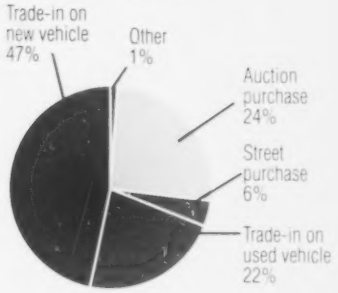
In 1990, the used-vehicle department accounted for 24 percent of the average dealership's total sales and 21 percent of total profits.

USED-VEHICLE SALES BY FRANCHISED NEW-CAR DEALERSHIPS



Source: NADA Industry Analysis Division

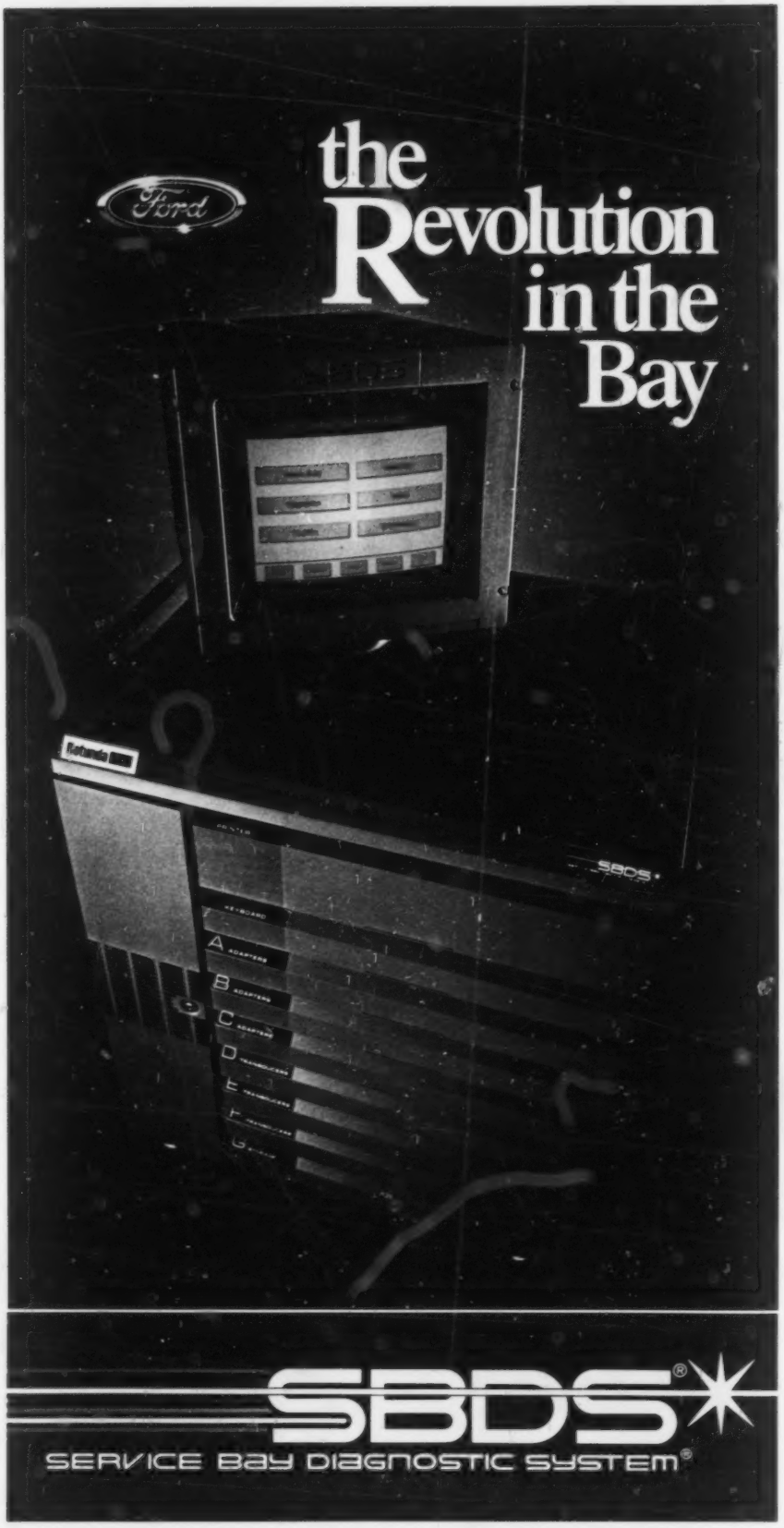
SOURCE OF USED VEHICLES RETAILED BY FRANCHISED DEALERSHIPS—1990



Source: NADA Industry Analysis Division

AVERAGE SELLING PRICE OF USED VEHICLES RETAILED BY FRANCHISED NEW-CAR DEALERSHIPS

Source: NADA Industry Analysis Division



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SERVICE, PARTS, AND BODY SHOP

In 1990, franchised dealerships had a record $47.2 billion in service and parts sales. High vehicle sales in earlier years, extended automaker warranties, increased service-contract sales, and enhanced customer satisfaction have all contributed to the 45 percent rise in service and parts sales that has occurred during the past five years. In 1990, the service and parts department accounted for 15 percent of the average dealership's total sales and 86 percent of total profits.

As shown on the following page, franchised dealers have made a substantial

(Continued on p. 18)

DEALERSHIPS' TOTAL SERVICE AND PARTS SALES (Billions of dollars)

	Amount	Change
1980	22.703	-1.9%
1981	23.116	1.8%
1982	24.447	5.8%
1983	26.461	8.2%
1984	30.044	13.5%
1985	32.461	8.0%
1986	34.611	6.6%
1987	39.555	14.3%
1988	43.238	9.3%
1989	45.218	4.6%
1990	47.182	4.3%

Source: NADA Industry Analysis Division

DEALERSHIPS' SERVICE AND PARTS SALES

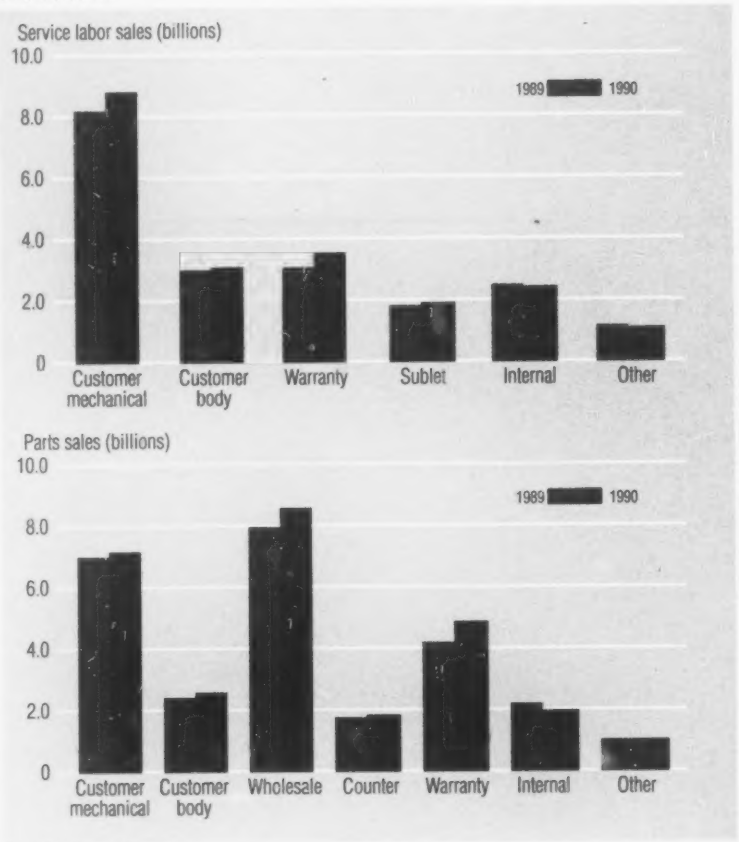
(Billions of dollars)

	1989	1990	Change
Service Labor Sales			
Customer mechanical	8.052	8.462	5.1%
Customer body	2.960	2.975	0.5%
Warranty	3.017	3.558	17.9%
Sublet	1.845	1.849	0.2%
Internal	2.229	2.171	-2.6%
Other	1.115	1.085	-2.6%
Total service labor	19.218	20.100	4.6%
Parts Sales			
Customer mechanical	6.864	7.150	4.2%
Customer body	2.340	2.356	0.7%
Wholesale	7.892	8.450	5.9%
Counter	1.742	1.815	4.2%
Warranty	4.186	4.658	11.3%
Internal	2.054	1.950	-5.1%
Other	832	704	-15.4%
Total parts	26.000	27.083	4.2%
Total Service & Parts	**45.218**	**47.182**	**4.3%**

Source: NADA Industry Analysis Division

DEALERSHIPS' SERVICE AND PARTS SALES

Billions of dollars



Source: NADA Industry Analysis Division

PROFILE OF THE FRANCHISED DEALERSHIP'S SERVICE AND PARTS OPERATION

	Average dealership	All dealers
Total service and parts sales	$1,932,671	$47.2 billion
Total gross profit as percent of service and parts sales	42.9%	
Total net profit as percent of service and parts sales	5.2%	
Total number of repair orders written	8,100	197 million
Total service and parts sales per customer repair order	$195	
Total service and parts sales per warranty repair order	$150	
Number of mechanics	10	232,000
Number of service bays (excluding body)	14	342,000
Total parts inventory	$200,000	$4.9 billion
Average customer mechanical labor rate	$39	

Source: NADA Industry Analysis Division

(Continued from p. 17)

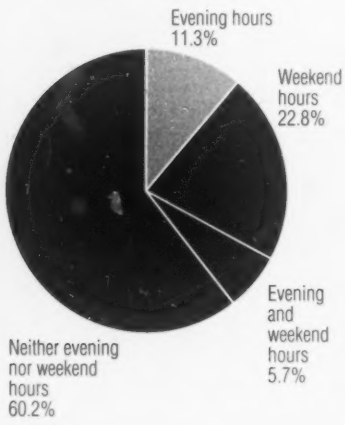
investment in their service and parts operations in order to maintain customer satisfaction. In 1990, franchised dealerships had 342,000 service stalls, employed 232,000 technicians, and carried a parts inventory of nearly $5 billion.

To increase customer convenience and make full use of their facilities, 40 percent of all dealers now have either evening or weekend service hours. The average service department is open for business 49 hours per week.

Also noted on this page: while fewer and fewer dealerships are retaining body shop facilities, the total amount of body repair performed by all dealerships has continued to rise.

DEALERSHIP SERVICE DEPARTMENTS WITH:

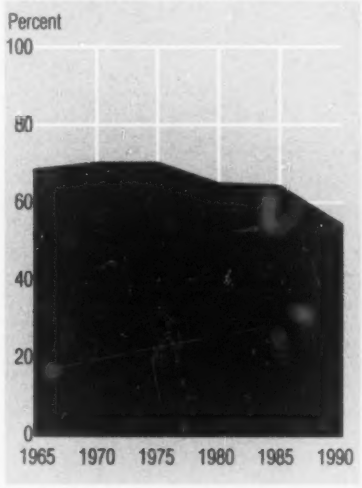
(Average hours per week = 49)



Source: NADA Industry Analysis Division

DEALERSHIPS OPERATING ON-SITE BODY SHOPS

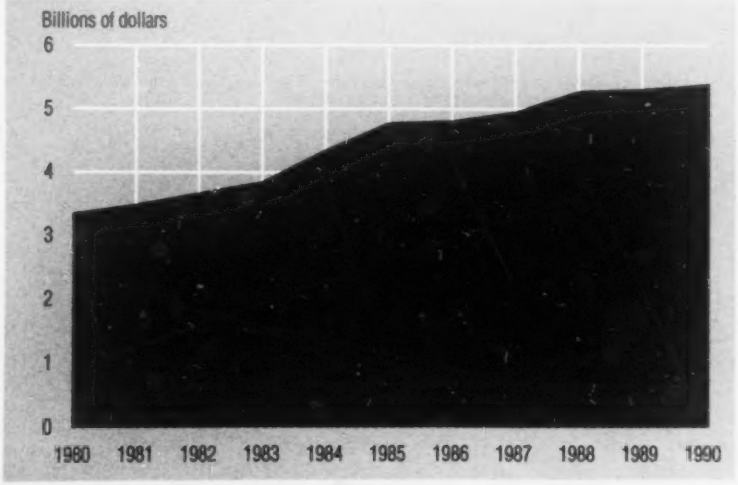
(Percent of total dealership population)



Source: NADA Industry Analysis Division

TOTAL BODY SHOP SALES

(All dealerships)



Source: NADA Industry Analysis Division

American Sunroof Company Licensed Sales and Service Centers

Alabama
Birmingham
Custom Auto Vinyl Tops
Arizona
Mesa
Sunroof Specialties
Phoenix
Arizona Sun Tops
Tucson
Jamis Auto Upholstery
California
Emeryville
American Sunroof – East Bay
Fresno
D & D Kustom Vans
Los Angeles
American Sunroof – Customcraft L.A.
Pacheco
DSI-Sunroofs
Riverside
American Sunroof – Inland Empire
Sacramento
Sierra Coach Sunroof
San Diego
American Sunroof – San Diego
San Jose
Quality Sunroofs
San Marcos
Precision Auto Sunroof of San Diego
Santa Ana
American Sunroof – Britax
American Sunroof – Orange County
Santa Barbara
Upholstery Galore Incorporated
Stockton
Stockton Sunroof
Van Nuys
American Sunroof – Valley
Colorado
Denver
Automotive Dealer Services, Inc.
Rocky Mountain Sunroof Inc
Connecticut
Milford
Knight Coach Systems, Inc.
Delaware
New Castle
Auto Port Incorporated
Florida
Boca Raton
Kelley's Custom Auto Trim
Clearwater
American Sunroof of Florida
Fort Myers
Florian Custom Coach
Oakland Park
Sunroof of Florida, Inc.
Orange Park
Florida Automotive Restyling Inc.
Orlando
Florida Automotive Restyling
Sarasota
American Sunroof of Sarasota
Georgia
Atlanta
Spectrum Sound and Accessories
Conyers
Kiser Upholstery
Marietta
Custom Auto Styling Inc
Idaho
Boise
Trim Line Autographics and Specialties
Illinois
Bridgeview
Lang's Auto Accessories
Evanston
Broadway Auto Top
Lombard
Uni-Sun Incorporated
Northbrook
Lang's Auto
Palatine
Tucker Automotive
Indiana
Fort Wayne
Fagan's Auto Trim Co Inc
Indianapolis
Classic Auto Tops
Jeffersonville
Auto Boat Upholstery
Iowa
Des Moines
Top King Inc
Kansas
Kansas City
Top King Inc
Kentucky
Louisville
Auto Boat Upholstery
Louisiana
Baton Rouge
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Grand Rapids Inc
Dearborn
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St. Louis
Central Service Company
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Exclusive Coach Automotive
Nevada
Las Vegas
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Reno
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New Jersey
Absecon
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Absecon
Coastal Sunroof Incorporated
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Auto Sunroof Incorporated
Middletown
Autobahn Custom Car
New York
Albany
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Bohemia
Superior Auto Glass & Trim
Brooklyn
Mac Gregor's Auto Restyling Center
Buffalo
Frey's Tops and Accessories
Commack
Auto Sunroof of Larchmont
Huntington Station
Nemtz Coach & Sunroof
New Rochelle
Auto Sunroof of Larchmont
Rochester
Tim's Trim Incorporated
Syracuse
Rayco Auto Service Inc
Westbury
Superior Auto Glass
North Carolina
Charlotte
Charlotte Sunroofs Inc
Kernersville
Tops and Trends Incorporated
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Cincinnati
Jim Hayden Incorporated
Cleveland
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Columbus
Auto Options Incorporated
Twinsburg
Roman Chariot of Akron
Toledo
Keystone Auto Glass
Warren
Warren Auto Seat
Oklahoma
Tulsa
Auto Tops of Tulsa
Oregon
Portland
Western Sunroof
Pennsylvania
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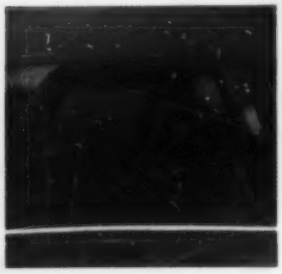
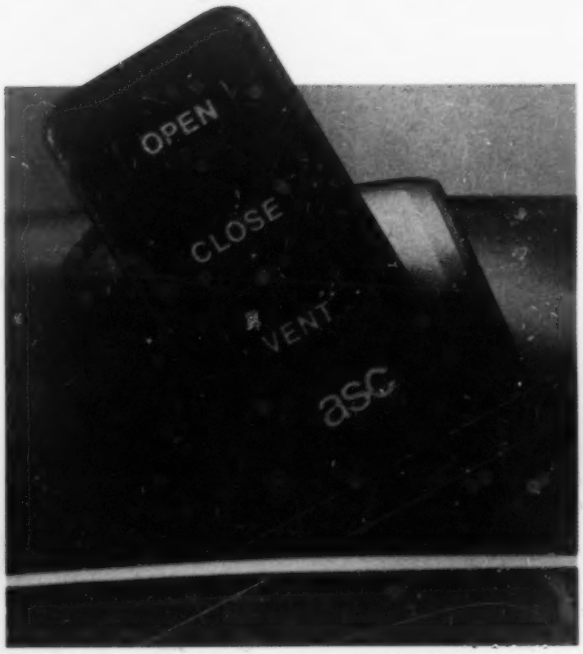
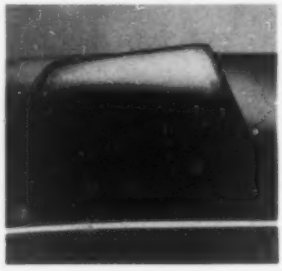
ASC's Single Touch System: The revolutionary new switch with a memory all its own.
The advantages are obvious. Convenience, Safety, Security. The ASC Single Touch System is the latest innovation in sunroof technology. Available only from ASC, the Single Touch System automatically closes the sunroof when the vehicle's ignition is turned off.

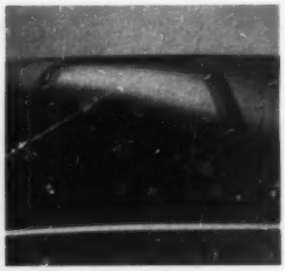


Simply Speaking
Simplicity is the key with this unique new switch system. Only ASC gives drivers the ability to open, close or vent the sunroof, without having to continuously depress the control button. Deactivate the Single Touch System and the driver can open the sunroof to any position desired.





Leading The Way
The Single Touch System is a product of over 25 years of sunroof experience by ASC, the company that introduced the electric sunroof to the American marketplace. Engineering excellence combined with advanced styling and a full line of sunroof systems means ASC can add open-air excitement to any vehicle. No other company offers the features, service and leadership reputation of American Sunroof Company.



Competitive Edge
The Single Touch System is a unique selling feature for dealers who make it a point to position themselves ahead of the competition. Make a memorable switch over to the ASC Single Touch System, offered by a comprehensive network of over 160 Licensed Sales and Service Centers throughout North America and Canada. Contact your ASC Licensed Sales and Service Center today and find out more about the Single Touch System, only from ASC.

'Where Ideas Become Reality'

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EMPLOYMENT AND PAYROLLS

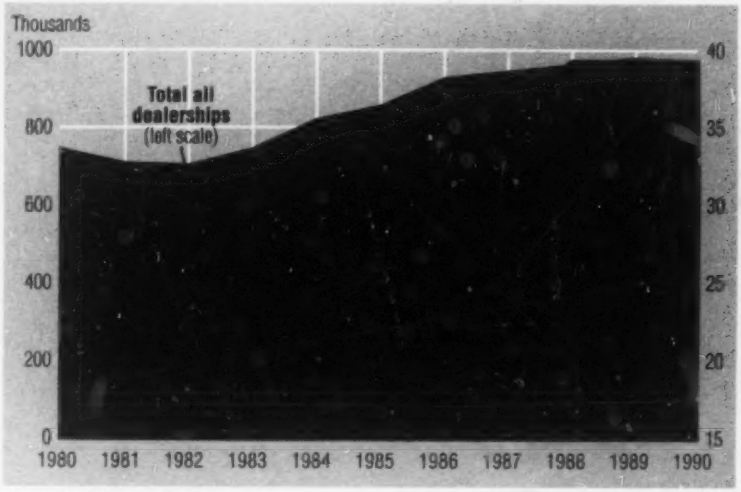
Franchised dealers are a major employer in local communities. Consequently, changes in dealership payrolls significantly affect local economies. In 1983, there were an estimated 722,400 employees working in franchised new-car dealerships. By 1988, that number increased 33 percent to 960,100 employees. But in the past two years, dealerships have had to reduce their number of employees by 12,500.

The number and type of employees varies significantly among dealerships, depending on dealership size, location, makes handled, and the distribution of sales among departments. It is estimated that the total employment count of dealerships in 1990 was distributed as follows:

New and used-vehicle salespeople	182,500
Technicians	232,000
Service and parts workers (other than technicians)	277,000
Supervisors, general office workers, and others	256,100
Total	947,600

The average dealership in 1990 employed 39 persons and had an annual payroll of more than $1 million. The annual payroll of all dealerships totaled $25.4 billion and represented 12.6 percent of the total retail trade payroll in the nation.

ESTIMATED NUMBER OF EMPLOYEES OF FRANCHISED NEW-CAR DEALERS



Source: NADA Industry Analysis Division

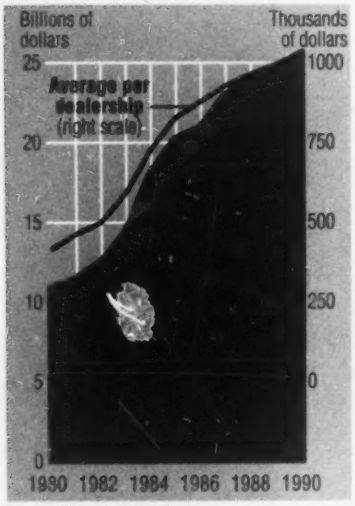
ESTIMATED NUMBER OF NEW-CAR DEALERSHIP EMPLOYEES

1990 averages by state

	Total number all dealerships	Average number per dealership		Total number all dealerships	Average number per dealership
Alabama	13,500	34	Montana	3,500	23
Alaska	2,100	59	Nebraska	6,400	26
Arizona	14,000	64	Nevada	5,400	64
Arkansas	8,600	27	New Hampshire	4,700	26
California	110,500	59	New Jersey	27,400	36
Colorado	14,900	53	New Mexico	5,700	39
Connecticut	13,500	35	New York	44,100	32
Delaware	3,400	49	North Carolina	23,700	31
D.C.	600	62	North Dakota	3,100	24
Florida	59,900	62	Ohio	43,000	39
Georgia	25,000	40	Oklahoma	12,500	33
Hawaii	5,000	73	Oregon	14,000	48
Idaho	4,400	32	Pennsylvania	46,400	31
Illinois	41,500	34	Rhode Island	2,800	28
Indiana	20,700	32	South Carolina	12,600	37
Iowa	11,500	23	South Dakota	3,100	22
Kansas	10,500	31	Tennessee	18,700	41
Kentucky	12,300	33	Texas	69,800	49
Louisiana	15,800	45	Utah	6,100	41
Maine	4,700	25	Vermont	2,200	22
Maryland	21,600	59	Virginia	27,100	45
Massachusetts	21,200	36	Washington	18,800	51
Michigan	37,000	42	West Virginia	7,200	30
Minnesota	15,000	28	Wisconsin	20,900	32
Mississippi	7,800	27	Wyoming	2,000	25
Missouri	21,500	36	**Total U.S.**	**947,600**	**39**

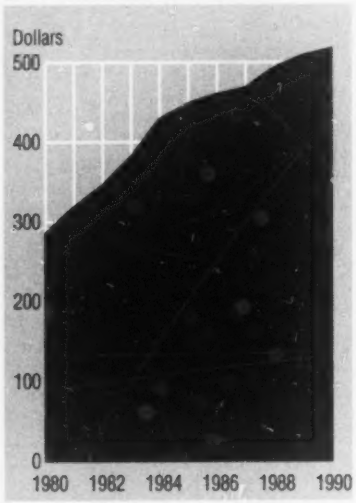
Source: NADA Industry Analysis Division

ANNUAL PAYROLL OF FRANCHISED NEW-CAR DEALERSHIPS



Source: NADA Industry Analysis Division

AVERAGE WEEKLY EARNINGS OF DEALERSHIP EMPLOYEES



Source: NADA Industry Analysis Division

AVERAGE WEEKLY EARNINGS OF FRANCHISED NEW-CAR DEALERSHIPS' EMPLOYEES IN 1990

Alabama	$475	Montana	$405
Alaska	650	Nebraska	415
Arizona	505	Nevada	610
Arkansas	400	New Hampshire	560
California	615	New Jersey	605
Colorado	500	New Mexico	425
Connecticut	585	New York	550
Delaware	480	North Carolina	480
D.C.	570	North Dakota	420
Florida	545	Ohio	470
Georgia	525	Oklahoma	435
Hawaii	545	Oregon	470
Idaho	440	Pennsylvania	470
Illinois	545	Rhode Island	500
Indiana	470	South Carolina	465
Iowa	430	South Dakota	430
Kansas	450	Tennessee	495
Kentucky	430	Texas	495
Louisiana	425	Utah	425
Maine	465	Vermont	470
Maryland	550	Virginia	510
Massachusetts	560	Washington	530
Michigan	550	West Virginia	380
Minnesota	480	Wisconsin	455
Mississippi	425	Wyoming	445
Missouri	500	**Total U.S.**	**515**

Source: NADA Industry Analysis Division

ANNUAL PAYROLL OF NEW-CAR DEALERSHIPS

1990 year by state

	Total of all dealerships ($ millions)	Average dealership ($ thousands)
Alabama	330	850
Alaska	70	2,010
Arizona	370	1,680
Arkansas	180	560
California	3,530	1,880
Colorado	390	1,370
Connecticut	410	1,070
Delaware	80	1,210
D.C.	20	1,840
Florida	1,700	1,750
Georgia	680	1,100
Hawaii	140	2,070
Idaho	100	740
Illinois	1,170	970
Indiana	500	790
Iowa	260	520
Kansas	250	720
Kentucky	270	730
Louisiana	350	1,000
Maine	110	600
Maryland	620	1,690
Massachusetts	620	1,040
Michigan	1,060	1,210
Minnesota	380	710
Mississippi	170	610
Missouri	560	950
Montana	70	480
Nebraska	140	560
Nevada	170	2,010
New Hampshire	140	750
New Jersey	860	1,130
New Mexico	130	870
New York	1,250	900
North Carolina	590	780
North Dakota	70	510
Ohio	1,050	960
Oklahoma	280	740
Oregon	340	1,170
Pennsylvania	1,130	760
Rhode Island	70	730
South Carolina	300	900
South Dakota	70	490
Tennessee	480	1,070
Texas	1,790	1,260
Utah	140	900
Vermont	50	540
Virginia	720	1,200
Washington	520	1,410
West Virginia	140	590
Wisconsin	490	750
Wyoming	50	580
Total U.S.	**25,400**	**1,040**

Source: NADA Industry Analysis Division

ADVERTISING AND THE FRANCHISED DEALERSHIP

Total dealership advertising expenditures were cut for the second year in a row as franchised dealers spent an estimated $3.6 billion in 1990 versus $4.1 billion in 1988. The amounts here exclude 75 percent of all mandatory ad association fees, because only a quarter of all dealers transfer these to their financial statement's advertising account.

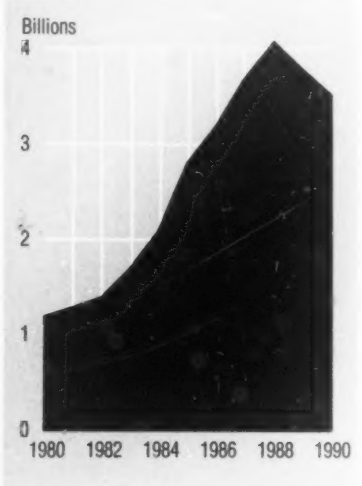
Television felt the brunt of dealerships' advertising cutbacks. From a peak of 17.5 percent in 1987, the portion of the average dealership's ad budget allocated to television fell to 13.7 percent in 1990. Still, this was significantly above the 7.5 percent share of the typical dealership ad budget that television took in 1980.

Direct mail is the only medium that has not suffered a significant decline. This undoubtedly is a result of the growing importance of the dealership's service and parts operation, which typically uses direct mail both to solicit customers and monitor their satisfaction with services received.

Despite last year's cut, advertising expenditures (as shown in the graph to the right) remained at a relatively high $258 per new unit sold.

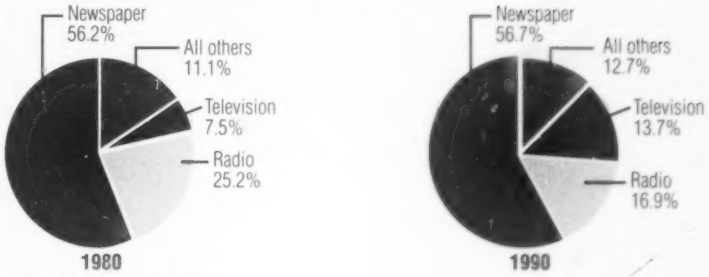
TOTAL FRANCHISED DEALERSHIP ADVERTISING EXPENDITURES

(in billions)



Source: NADA Industry Analysis Division

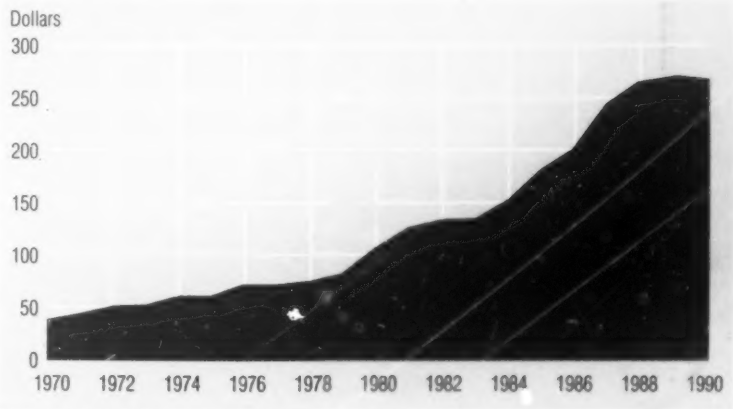
ADVERTISING EXPENDITURES BY MEDIA



Source: NADA Industry Analysis Division

TOTAL DEALERSHIP ADVERTISING

(per new unit sold)



Source: NADA Industry Analysis Division

ESTIMATED ADVERTISING EXPENSES PER DEALERSHIP IN 1990

Dealerships classified by the number of new units sold in 1990

By media used	Average of all dealerships	1–149	150–399	400–749	750 or more
Newspapers	$83,082	$13,595	$46,224	$94,185	$200,520
Radio	24,763	6,723	15,890	27,209	54,720
TV	20,075	1,615	8,025	18,998	58,320
Direct mail	9,671	1,270	4,895	10,948	24,840
Displays & demos	4,982	1,046	2,568	5,152	12,600
Other	3,956	647	2,925	4,508	9,000
Total	**$146,529**	**$24,900**	**$80,250**	**$161,000**	**$360,000**
Total advertising as % of total sales	1.16%	0.83%	1.07%	1.15%	1.20%
Total advertising per new vehicle sold	$258	$226	$292	$288	$248

Source: NADA Industry Analysis Division

VEHICLES IN OPERATION AND SCRAPPAGE

On July 1, 1990, there were 179.3 million vehicles in operation. During the past 10 years, the total vehicle fleet has increased by 28 percent.

Scrappage, the difference between sales and the growth of the vehicle population, declined 1 percent in 1990. Scrappage as a percent of new-vehicle registrations rose from 73 percent in 1989 to 77 percent in 1990.

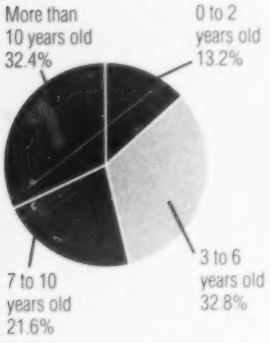
VEHICLES IN OPERATION

	Total vehicles in use	New vehicles	Scrappage	Percent
1980	139,831,316	12,708,481	10,136,663	79.76
1981	141,907,779	11,137,489	9,061,026	81.36
1982	143,853,645	10,325,934	8,380,068	81.16
1983	147,104,519	10,984,389	7,733,515	70.40
1984	152,161,512	13,333,820	8,276,817	62.07
1985	157,049,215	14,716,417	9,828,714	66.79
1986	162,093,594	15,795,934	10,751,555	68.07
1987	167,193,088	15,566,830	10,467,336	67.24
1988	171,740,576	15,552,205	11,004,717	70.76
1989	175,960,035	15,389,609	11,170,150	72.58
1990	179,299,202	14,412,418	11,073,251	76.83

Statistics by R.L. Polk & Co.

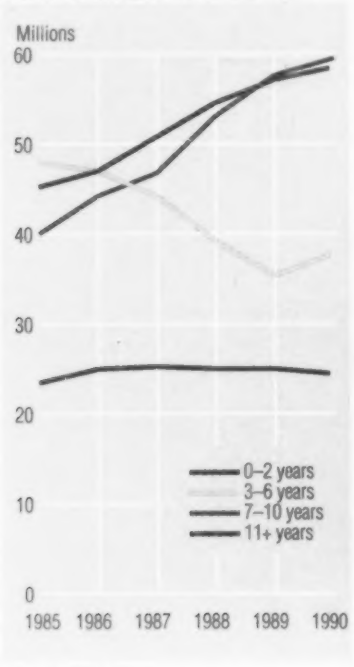
TOTAL VEHICLES IN OPERATION

July 1, 1990



Source: R.L. Polk & Co.

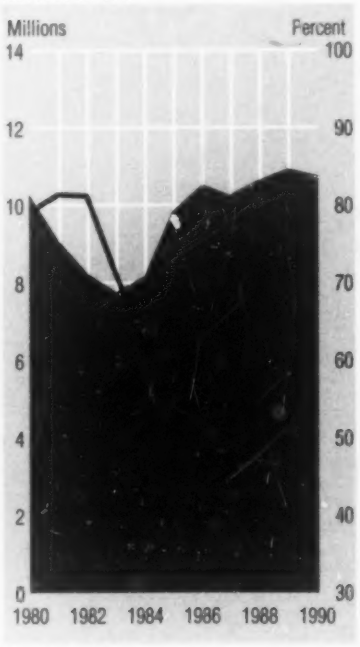
TOTAL VEHICLES IN OPERATION



Source: R.L. Polk & Co.

ESTIMATED VEHICLE SCRAPPAGE

Total cars and trucks



Source: R.L. Polk & Co.

TODAY, IF YOU DON'T USE STATISTICS, YOU MAY BECOME ONE.

Businesses that survive in the '90s will be those run by sophisticated managers who know their markets.

These business people will be able to spot trends as they happen, order inventory accordingly, identify their prime prospects and know how to reach them.

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Our statistical services tell you what is selling in your market as well as the total vehicle population. We've added services which will tell you the demographic and lifestyle characteristics of your market to help you pinpoint your best prospects.

In the end, information like this doesn't cost money... it helps you save money by channeling your advertising, marketing and planning efforts.

Give us a call and we'll show you how to market more effectively...by the numbers.

For more information contact Mary Pederson at (313) 393-0880.

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VEHICLES IN OPERATION

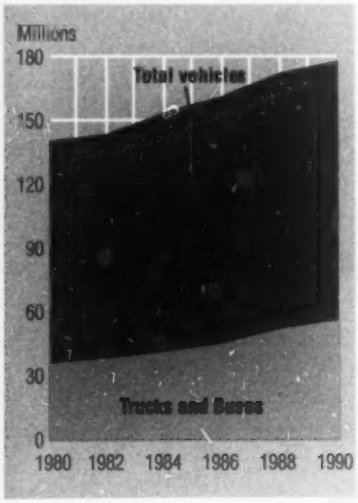
As of July 1, 1990

	Passenger cars	Trucks	Total vehicles
Alabama	2,087,115	1,124,203	3,211,318
Alaska	176,875	199,675	376,550
Arizona	1,598,189	993,265	2,591,454
Arkansas	994,279	618,397	1,612,676
California	14,039,952	6,210,978	20,250,930
Colorado	1,646,758	1,051,225	2,697,983
Connecticut	2,056,253	573,435	2,629,688
Delaware	390,157	163,980	554,137
D.C.	246,807	31,732	278,539
Florida	6,907,883	2,383,725	9,291,608
Georgia	3,081,613	1,567,025	4,648,638
Hawaii	493,976	182,001	675,977
Idaho	453,897	432,538	886,435
Illinois	5,839,710	2,190,501	8,030,211
Indiana	2,838,026	1,374,638	4,212,664
Iowa	1,609,895	881,556	2,491,451
Kansas	1,258,406	846,922	2,105,328
Kentucky	1,765,347	980,504	2,745,851
Louisiana	1,936,814	1,093,237	3,030,051
Maine	570,048	326,607	896,655
Maryland	2,467,888	853,940	3,321,828
Massachusetts	3,654,102	901,455	4,555,557
Michigan	4,868,789	2,003,017	6,871,806
Minnesota	2,324,941	1,172,932	3,497,873
Mississippi	1,071,965	635,990	1,707,955
Missouri	2,494,889	1,327,516	3,822,405
Montana	344,098	369,506	713,604
Nebraska	811,351	519,868	1,331,219
Nevada	553,539	343,885	897,424
New Hampshire	614,859	302,868	917,727
New Jersey	4,272,759	1,091,286	5,364,045
New Mexico	693,027	546,839	1,239,866
New York	7,817,389	2,120,667	9,938,056
North Carolina	3,367,552	1,710,568	5,078,120
North Dakota	323,475	296,987	620,462
Ohio	6,020,008	2,181,962	8,201,970
Oklahoma	1,416,129	1,058,082	2,474,211
Oregon	1,350,987	978,698	2,329,685
Pennsylvania	5,872,569	2,166,295	8,038,864
Rhode Island	617,920	150,570	768,490
South Carolina	1,665,285	782,834	2,448,119
South Dakota	365,357	288,015	653,372
Tennessee	2,386,044	1,281,884	3,667,928
Texas	7,540,266	4,329,922	11,870,188
Utah	664,442	459,015	1,123,457
Vermont	289,118	163,794	452,912
Virginia	3,392,275	1,474,856	4,867,131
Washington	2,464,530	1,467,270	3,931,800
West Virginia	801,349	475,104	1,276,453
Wisconsin	2,546,764	1,103,140	3,649,904
Wyoming	210,602	238,025	448,627
Total U.S.	**123,276,268**	**56,022,934**	**179,299,202**

Statistics by R.L. Polk & Co.

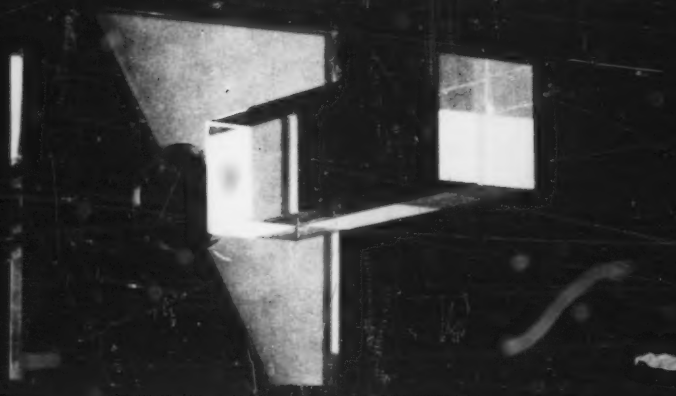
TOTAL VEHICLES IN OPERATION

As of July 1, for each year



Source: R.L. Polk & Co.

MOST F&I SERVICES DON'T FIT YOUR BUSINESS



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As a GM Dealer, your F&I needs are unique to the General Motors family. And nobody understands those needs like another member of the GM family—GMAC. That's why we provide F&I services that really help your whole business. Not just fill a hole here or there.

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CONSUMER CREDIT

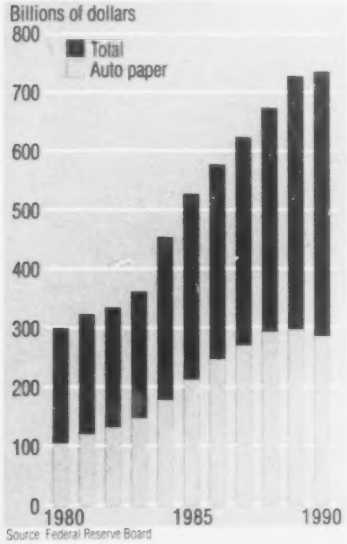
Finance companies' average rate on new-car loans has remained constant for the past three years. New-car loan rates at banks and interest rates in general (as reflected by the prime rate) increased in 1989 but fell in 1990. Auto paper as a percent of consumer installment credit outstanding (bottom left) fell from a record 44 percent in 1988 to less than 39 percent in 1990. At the end of 1990, it equaled $285 billion, down 2 percent from 1989.The loans outstanding at finance companies have declined in each of the past three years (bottom right). This is somewhat misleading: the figures exclude "pools of securitized assets" (auto loans on which securities have been issued are no longer carried on the balance sheets of the loan originators). Captive finance arms have been innovators in auto loan securitization since 1985. At the end of 1990, pools of securitized assets backed by auto loans totaled more than $24.5 billion.

AVERAGE MATURITY OF NEW-CAR LOANS AT FINANCE COs.

1970	37.4 months
1975	37.6 months
1980	44.7 months
1985	51.5 months
1986	50.0 months
1987	53.5 months
1988	56.2 months
1989	54.2 months
1990	54.6 months

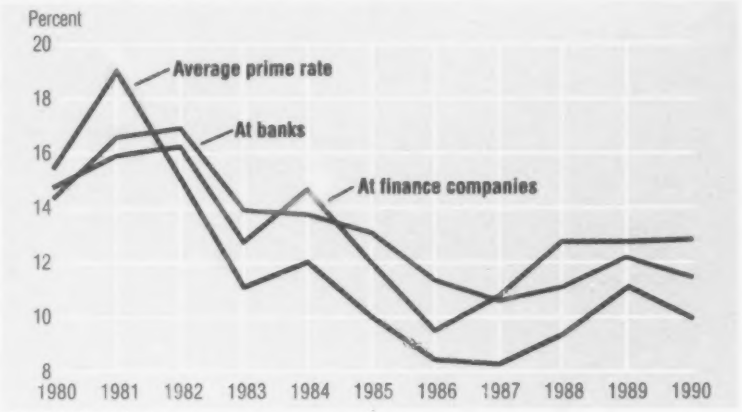
CONSUMER INSTALLMENT CREDIT OUTSTANDING

(End of year; seasonally adjusted)



Source: Federal Reserve Board

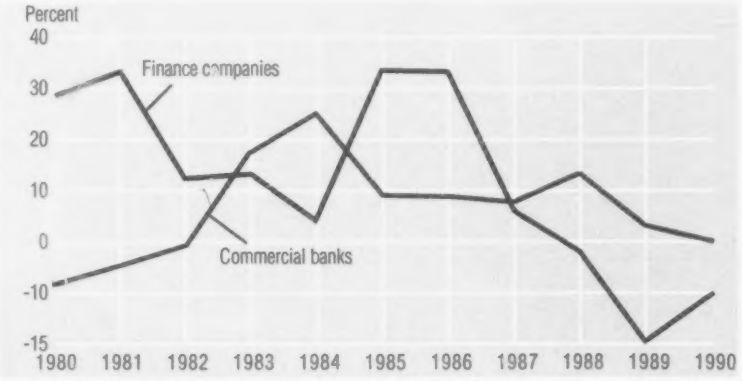
AVERAGE FINANCE RATE ON NEW-CAR LOANS



Source: Federal Reserve Board
Note: Bank series represents an average of direct 36-month loans for the period 1980-1982. For 1983 through 1990, the bank series represents the average of direct 48-month loans. The finance company series represents the average of all loans made.

PERCENT CHANGE IN AUTOMOBILE PAPER OUTSTANDING

By type of holder



Source: Federal Reserve Board

AUTOMOBILE PAPER OUTSTANDING BY TYPE OF LENDER

(End of year—Not seasonally adjusted—Millions of $)

		Commercial banks		Finance companies	
	Total	Total $ amount	% of total	Total $ amount	% of total
1980	111,936	61,557	55.0	29,503	26.4
1981	118,956	58,037	48.8	39,478	33.2
1982	124,218	57,747	46.5	44,298	35.7
1983	143,799	67,548	47.0	50,053	34.8
1984	173,704	83,900	48.3	52,251	30.1
1985	207,720	92,228	44.4	69,643	33.5
1986	247,313	101,282	41.0	92,556	37.4
1987	265,771	109,506	41.2	98,182	36.9
1988	284,328	123,392	43.4	97,245	34.2
1989	290,705	126,288	43.4	82,721	28.5
1990	284,813	126,259	44.3	74,397	26.1

Source: Federal Reserve Board

FRANCHISED NEW-TRUCK DEALERSHIPS

New-truck sales totaled 4.8 million units in 1990, down 4 percent from 5.0 million units sold in 1989. Medium- and heavy-duty truck sales (277,000 units) were down 11 percent from 1989. Class 4 sales rose 2 percent, but sales declined for each of the seven other weight classes.

Dealerships sold 156,000 medium-duty trucks in 1990, a decline of 6 percent from 1989. Heavy-duty truck sales (121,000 units) fell 16 percent in 1990, the second straight year of lower sales. The slow economy in 1990 caused much of the drop in medium- and heavy-duty truck sales. Higher carrier operating costs also restricted purchases of class 7 and class 8 trucks, while weak retail sales lowered purchases of medium-duty trucks by service industries.

Total truck dealership dollar sales volume fell 6 percent in 1990 because of the decline in new-unit sales. Dealers pushed productivity in other departments to help offset the 13 percent drop in new-truck dollar sales volume. As a result, used-vehicle department sales rose nearly 1 percent, while service and parts sales posted an 11 percent gain. Warranty sales were up 20 percent from 1989.

Total dealership net profit as a percent of sales rose slightly, from 1.9 percent in 1989 to 2 percent in 1990. Despite the sales slump, dealers raised their net profit margin by increasing gross profit 7 percent and holding expense increases to 8 percent in 1990.

TRUCK CATEGORIES

Trucks are classified by gross vehicle weight into eight categories as listed below:

Class 1	0–6,000 lb.
Class 2	6,001–10,000 lb.
Class 3	10,001–14,000 lb.
Class 4	14,001–16,000 lb.
Class 5	16,001–19,500 lb.
Class 6	19,501–26,000 lb.
Class 7	26,001–33,000 lb.
Class 8	33,000 lb. and over

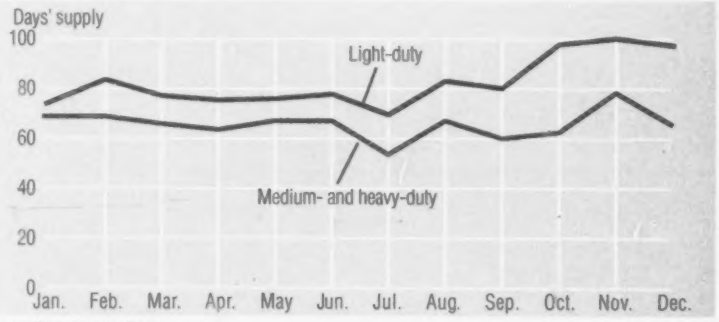
AVERAGE PROFILE OF MEDIUM-/HEAVY-DUTY TRUCK DEALERSHIPS

	1988	1989	1990
Total dealership sales	$18,218,400	$19,068,000	$17,910,000
net profit as % of sales	2.2%	1.9%	2.0%
Total dealership gross	$2,589,000	$2,798,400	$3,000,000
as % of total sales	14.3%	14.7%	16.8%
Total dealership expense	$2,290,800	$2,498,400	$2,700,000
as % of total sales	12.6%	13.1%	15.1%
New-truck sales	$11,511,600	$11,433,600	$9,999,600
as % of total sales	63.2%	60.0%	55.8%
Used-truck sales	$1,836,600	$1,994,400	$2,000,400
as % of total sales	10.1%	10.5%	11.2%
Service and parts sales	$4,546,800	$5,095,200	$5,641,200
as % of total sales	25.0%	26.7%	31.5%
Service and parts absorption	84.7%	85.2%	88.8%
Return on assets	8.7%	6.7%	6.4%
Return on net worth	30.4%	28.6%	17.7%

Source: American Truck Dealers Division

1990 NEW-TRUCK INVENTORIES

Days' supply by month



Source: *Ward's Automotive Reports*

U.S. RETAIL SALES AND MARKET SHARE—CALENDAR YEAR 1990

Truck classes 4–8

Class	4	5	6	7	8	Total	Percent
Ford	26,057	0	6,444	26,465	13,103	72,069	26.0
International	58	115	11,943	30,422	27,800	70,338	25.4
GMC/Chevy	128	2,239	14,761	21,804	0	38,932	14.0
Freightliner	0	0	0	0	23,032	23,032	8.3
Mack	0	0	1,051	1,404	14,350	16,805	6.1
WhiteGMC	0	0	0	829	14,767	15,596	5.6
Kenworth	0	0	0	389	14,620	15,009	5.4
Peterbilt	0	0	0	359	11,970	12,329	4.4
Isuzu	685	375	1,824	572	0	3,456	1.2
Hino	0	516	660	943	0	2,119	0.8
UD	0	921	534	493	0	1,948	0.7
Mercedes-Benz	0	0	535	1,105	0	1,640	0.6
Mitsubishi Fuso	0	649	263	559	0	1,471	0.5
Western Star	0	0	0	0	935	935	0.3
Iveco	525	240	160	0	0	925	0.3
Other	0	0	34	1	644	679	0.2
Scania	0	0	0	0	103	103	0.0
Total	**27,453**	**5,055**	**38,209**	**85,345**	**121,324**	**277,386**	

Source: Economic & International Affairs Department, Motor Vehicle Manufacturers Association of the U.S., Inc.

DEALERSHIP FINANCIAL TRENDS

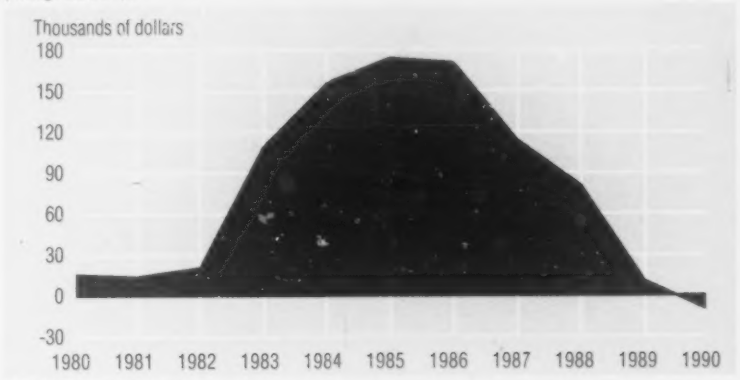
In 1990, for the first time in more than thirty years, the average dealership's new-vehicle department slipped into the red. Even during the 1980–1982 recession, when the decline in new-unit sales was much greater, the average dealership was able to eke out a small profit in the new-vehicle department. The dealer's problem in the new-vehicle department in recent years has been the tremendous falloff in gross margins.

Used-vehicle department profits have been cut in half from 1988's record level; again, it is primarily the result of lower grosses.

Service and parts department profits have risen dramatically in recent years as the tremendous investment dealers have made in facilities, equipment, and technician training is finally beginning to pay off in increased market share, greater operating efficiency, and improved customer satisfaction.

NEW-VEHICLE DEPARTMENT NET PROFIT

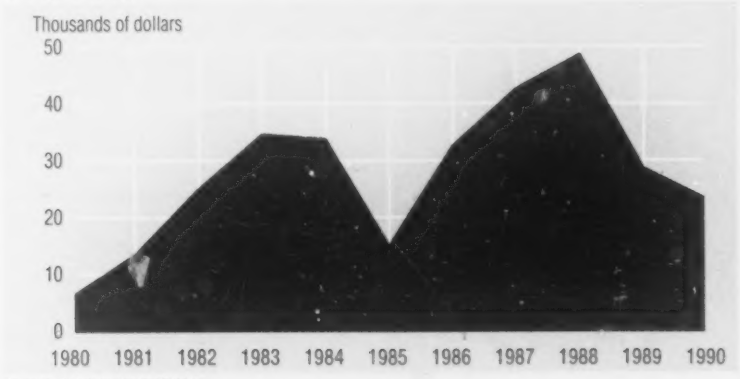
(Average dealership)



Source: NADA Industry Analysis Division

USED-VEHICLE DEPARTMENT NET PROFIT

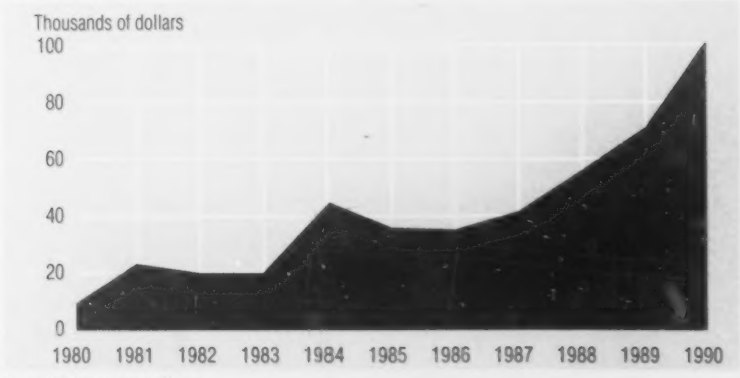
(Average dealership)



Source: NADA Industry Analysis Division

SERVICE & PARTS DEPARTMENT NET PROFIT

(Average dealership)



Source: NADA Industry Analysis Division

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